

ACT No. 2006-294

1 SB417
2 80853-4
3 By Senator Denton
4 RFD: Banking and Insurance
5 First Read: 07-FEB-06



1 SB417

2
3
4 ENROLLED, An Act,

5 To amend Section 27-7-1, Code of Alabama 1975,
6 relating to certain definitions for the licensing of various
7 insurance representatives, to include persons employed by
8 insurance producers within the definition of service
9 representatives.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Section 27-7-1, Code of Alabama 1975, is
12 amended to read as follows:

13 "§27-7-1.

14 "For the purposes of this chapter, the following
15 terms shall have the meanings respectively ascribed to them by
16 this section:

17 "(1) BUSINESS ENTITY. A corporation, association,
18 partnership, limited liability company, limited liability
19 partnership, or other legal entity.

20 "(2) COMMISSIONER. The Alabama Commissioner of
21 Insurance.

22 "(3) HOME STATE. The District of Columbia and any
23 state or territory of the United States in which an insurance
24 producer maintains his or her principal place of residence or

principal place of business and is licensed to act as an insurance producer.

"(4) INSURANCE. As defined in Section 27-1-2.

"(5) INSURANCE PRODUCER or PRODUCER. A person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance.

"(6) INSURER. As defined in Section 27-1-2. For the purposes of this chapter, insurer shall also mean an insurance company licensed pursuant to Chapter 3, commencing with Section 27-3-1 of this title; a health care service plan licensed pursuant to Article 6, commencing with Section 10-4-100 of Chapter 4 of Title 10; a dental service corporation licensed pursuant to Article 12, commencing with Section 22-21-360 of Chapter 21 of Title 22; a health maintenance organization licensed pursuant to Chapter 21A, commencing with Section 27-21A-1 of this title; a mutual aid association licensed pursuant to Chapter 30, commencing with Section 27-30-1 of this title; a fraternal benefit society licensed pursuant to Chapter 34, commencing with Section 27-34-1 of this title; an automobile club or association licensed pursuant to Chapter 39, commencing with Section 27-39-1 of this title; and a legal service insurance corporation licensed pursuant to Chapter 43, commencing with Section 27-43-1 of this title.

"(7) LICENSE. A document issued by the commissioner authorizing a person to act as an insurance producer for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent, or inherent, in the holder to represent or commit an insurance carrier.

"(8) LIFE LINES OF AUTHORITY. Any one or more of the following lines as defined in Section 27-7-14.1: Life; accident and health or sickness, also known as disability; and variable life and variable annuity products.

"(9) LIMITED LINE CREDIT INSURANCE. Credit life, credit disability, credit property, credit unemployment, creditor-placed, also known as forced-placed, nonfiling, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection (GAP), family and medical leave insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the commissioner determines should be designated a form of limited line credit insurance.

"(10) LIMITED LINE CREDIT INSURANCE PRODUCER. A person who sells, solicits, or negotiates one or more forms of limited line credit insurance coverage to individuals through a master, corporate, group, or individual policy.

1 "(11) LIMITED LINES INSURANCE. Limited line credit
2 insurance, insurance on rental vehicles defined in Section
3 27-7-5.1, and any other line of insurance that the
4 commissioner deems necessary to recognize for the purposes of
5 complying with subsection (e) of Section 27-7-28.

6 "(12) LIMITED LINES PRODUCER. A person authorized by
7 the commissioner to sell, solicit, or negotiate limited lines
8 insurance.

9 "(13) NAIC. The National Association of Insurance
10 Commissioners.

11 "(14) NEGOTIATE. The act of conferring directly with
12 or offering advice directly to a purchaser or prospective
13 purchaser of a particular contract of insurance concerning any
14 of the substantive benefits, terms, or conditions of the
15 contract, provided that the person engaged in that act either
16 sells insurance or obtains insurance from insurers for
17 purchasers.

18 "(15) PERSON. An individual or a business entity.

19 "(16) PROPERTY LINES OF AUTHORITY. Any one or more
20 of the following lines as defined in Section 27-7-14.1:
21 Property; casualty; personal lines; and automobile.

22 "(17) SELL. To exchange a contract of insurance by
23 any means, for money or its equivalent, on behalf of an
24 insurance company.

1 "(18) SERVICE REPRESENTATIVE. A natural person,
2 other than an officer, manager, or managing general agent of
3 the insurer, employed on salary or at an hourly rate by an
4 insurer, managing general agent, or a captive producer to work
5 for, with or through producers in selling, soliciting, or
6 negotiating insurance in the insurer or in the insurers
7 represented by the managing general agent or a captive
8 producer, but only in the property lines of authority.
9 Officers and salaried nonresident traveling representatives of
10 a mutual insurer operating on the premium deposit plan or of a
11 reciprocal insurer not using resident producers for the
12 solicitation of business who inspect risks or solicit
13 insurance in this state and who receive no commissions from
14 the insurer shall be deemed also to be service
15 representatives. A service representative shall otherwise
16 qualify and be licensed as a service representative under this
17 chapter, but shall not be required to take and pass an
18 examination nor be a resident of Alabama if qualified as a
19 service representative in the state of his or her domicile.
20 The service representative must be appointed for each insurer
21 or association of insurers represented and for each class of
22 insurance handled by the insurer or insurers in this state.

23 "(19) SOLICIT. Attempting to sell insurance or
24 asking or urging a person to apply for a particular kind of
25 insurance from a particular company.

1 "(20) TERMINATE. The cancellation of the
2 relationship between an insurance producer and the insurer or
3 the termination of a producer's authority to transact
4 insurance.

5 "(21) UNIFORM BUSINESS ENTITY APPLICATION. The
6 current version of the NAIC Uniform Business Entity
7 Application for resident and nonresident business entities.

8 "(22) UNIFORM APPLICATION. The current version of
9 the NAIC Uniform Application for resident and nonresident
10 producer licensing."

11 Section 2. This act shall become effective on the
12 first day of the third month following its passage and
13 approval by the Governor, or its otherwise becoming law.

Lucy Baxley

President and Presiding Officer of the Senate

Scott H. Smith

Speaker of the House of Representatives

SB417

Senate 14-MAR-06

I hereby certify that the within Act originated in and passed the Senate, as amended.

McDowell Lee
Secretary

House of Representatives
Passed: 29-MAR-06

By: Senator Denton

APPROVED April 4, 2006

TIME 8:23 a.m.

Bob Riley
GOVERNOR

ALABAMA SECRETARY OF STATE

ACT. NUM. 1008-006
BILL. NUM. SB417